

# Central Bank DATES



**ECONOMIC RESEARCH**

BMO  Capital Markets™

## AUGUST 2010

**Dr. Sherry Cooper**  
Chief Economist

**Benjamin Reitzes**  
Economist

benjamin.reitzes@bmo.com  
416•359•5628  
1•800•613•0205

www.bmonesbittburns.com  
/economics

all dates are in local time


















### No Bank of Canada Events

The information, opinions, estimates, projections and other materials contained herein are provided as of the date hereof and are subject to change without notice. Some of the information, opinions, estimates, projections and other materials contained herein have been obtained from numerous sources and Bank of Montreal ("BMO") and its affiliates make every effort to ensure that the contents thereof have been compiled or derived from sources believed to be reliable and to contain information and opinions which are accurate and complete. However, neither BMO nor its affiliates have independently verified or make any representation or warranty, express or implied, in respect thereof, take no responsibility for any errors and omissions which may be contained herein or accept any liability whatsoever for any loss arising from any use of or reliance on the information, opinions, estimates, projections and other materials contained herein whether relied upon by the recipient or user or any other third party (including, without limitation, any customer of the recipient or user). Information may be available to BMO and/or its affiliates that is not reflected herein. The information, opinions, estimates, projections and other materials contained herein are not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information, opinions, estimates, projections and other materials be considered as investment advice or as a recommendation to enter into any transaction. Additional information is available by contacting BMO or its relevant affiliate directly. BMO and/or its affiliates may make a market or deal as principal in the products (including, without limitation, any commodities, securities or other financial instruments) referenced herein. BMO, its affiliates, and/or their respective shareholders, directors, officers and/or employees may from time to time have long or short positions in any such products (including, without limitation, commodities, securities or other financial instruments). BMO Nesbitt Burns Inc. and/or BMO Capital Markets Corp., subsidiaries of BMO, may act as financial advisor and/or underwriter for certain of the corporations mentioned herein and may receive remuneration for same. "BMO Capital Markets" is a trade name used by the Bank of Montreal Investment Banking Group, which includes the wholesale/institutional arms of Bank of Montreal, BMO Nesbitt Burns Inc., BMO Nesbitt Burns Ltée/Ltd., BMO Capital Markets Corp. and Harris N.A., and BMO Capital Markets Limited.

TO U.S. RESIDENTS: BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd., affiliates of BMO NB, furnish this report to U.S. residents and accept responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd.

TO U.K. RESIDENTS: The contents hereof are not directed at investors located in the U.K., other than persons described in Part VI of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001.

™ - "BMO (M-bar roundel symbol) Capital Markets" is a trade-mark of Bank of Montreal, used under licence. © Copyright Bank of Montreal.

Monday	Tuesday	Wednesday	Thursday	Friday
2	3  RBA	4 Indonesia	5  BoE  ECB	6  RBA <i>Statement on Monetary Policy</i>
9	10  FOMC  BoJ	11  BoE <i>Quarterly Inflation Report</i>  BoJ <i>Monthly Report</i>  Norges Bank	12  ECB <i>Monthly Report</i>  South Korea	13  BoJ <i>Minutes from July 14-15</i>
16	17  RBA <i>Minutes from August 3</i>	18  BoE <i>Minutes from August 4-5</i>  Iceland	19	20  Mexico
23  Hungary  Israel	24  Poland	25  Thailand	26  Philippines	27
30	31  FOMC <i>Minutes from August 10</i>			


**CANADA**

The Bank of Canada has all of August to evaluate the economy with no meetings scheduled. The Bank hiked rates 25 bps in July, despite downgrading its growth forecast. Canadian economic momentum is slowing, but above-potential growth is still expected. The inflation outlook was left essentially unchanged, though June CPI was on the soft side. Look for continued gradual tightening from the Bank. After an expected September hike, we look for the Bank to pause as the economy shows clearer signs of cooling.

**Official Rate: 0.75% • Quantitative Easing: No • Last Decision: July 20, +25 bps • Next Decision: September 8, +25 bps**


**U.S.**

The U.S. economic recovery has downshifted, with the latest FOMC Statement noting weakness in the recent data. While there are some bright spots (i.e. business spending), weak employment, lack of credit growth, and a very soft housing market remain significant headwinds. The output gap is still very wide, which will keep inflation pressure contained through next year. We anticipate that core inflation will remain tame into 2011, which, along with continued global economic uncertainty, will keep the Fed on hold until August 2011. As such, we don't expect any significant changes to the Fed's Statement.

**Official Rate: 0% to 0.25% • Quantitative Easing: Completed • Last Decision June 22-23, unch • Next Decision: August 10, unch**


**ECB**

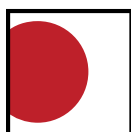
The European bank stress tests and easing sovereign default fears appear to have calmed the region's financial markets. Recent data, especially from Germany, have been unexpectedly buoyant, suggesting European growth prospects were written off prematurely. More stable markets have prompted the ECB to slowly shrink its balance sheet. However, expected sluggish growth through 2011, due in part to fiscal tightening, underpins our belief that the policy rate will remain steady until 2012.

**Official Rate: 1.00% • Quantitative Easing: No • Last Decision: July 8, unch • Next Decision: August 5, unch**


**U.K.**

For the second consecutive meeting, one lone MPC member (Andrew Sentance) voted for a 25 bp hike. However, his view is in no way indicative of the rest of the committee. Indeed, Governor King recently noted that policy rates won't return to normal for a "considerable" period. Another member, David Miles, left the door open to further quantitative easing if necessary. While the U.K. recovery is expected to remain tepid, thanks to softness in Europe and budget cuts, the Bank of England is facing above-target inflation for an extended period. Assuming inflation expectations remain stable, we anticipate the Bank of England will hold rates steady through 2011.

**Official Rate: 0.50% • Quantitative Easing: On Hold • Last Decision: July 7-8, unch • Next Decision: August 4-5, unch**


**JAPAN**

Consistent with ebbing global momentum, Japan's economy has shown signs of slowing. Even so, emerging Asian growth remains solid, which should keep Japan's GDP on an upward trend. The Bank of Japan's latest forecast upgraded 2010 growth sharply thanks to the very strong first quarter, but left 2011 growth and inflation projections largely unchanged. Recent inflation figures have shown easing deflation, but until deflation ends (not expected until 2012), look for the BoJ to hold rates steady.

**Official Rate: 0.10% • Quantitative Easing: Yes • Last Decision: July 14-15, unch • Next Decision: August 9-10, unch**


**AUSTRALIA**

Second quarter inflation came in below expectations, essentially ruling out another near-term rate hike. Interest rates at "around their average levels of the past decade" and growth over the next year "likely to be about trend" also argue for a continued pause. However, if inflation jumps in Q3, tightening could resume late in the year.

**Official Rate: 4.50% • Quantitative Easing: No • Last Decision: July 6, unch • Next Decision: August 3, unch**












**NEW ZEALAND**

After two consecutive 25 bp rate hikes, the RBNZ took a more cautious tack in July with Governor Bollard noting that "the pace and extent of further [rate] increases is likely to be more moderate than was projected in the June Statement." The uncertain growth outlook is prompting the RBNZ to emphasize that some pauses are likely in the tightening campaign.

**Official Rate: 3.00% • Quantitative Easing: No • Last Decision: July 29, +25 bps • Next Decision: September 16, +25 bps**





































## 2010 RATE DECISIONS

 <b>BANK OF CANADA</b>		 <b>BANK OF JAPAN</b>		 <b>RESERVE BANK OF NEW ZEALAND</b>	
January 19	0.25% unch	January 25–26	0.10% unch	January 28	2.50% unch
March 2	0.25% unch	February 17–18	0.10% unch	March 11	2.50% unch
April 20	0.25% unch	March 16–17	0.10% unch	April 29	2.50% unch
June 1	0.50% +25 bps	April 6–7	0.10% unch	June 10	2.75% +25 bps
July 20	0.75% +25 bps	April 30	0.10% unch	July 29	3.00% +25 bps
September 8		May 20–21	0.10% unch	September 16	
October 19		June 14–15	0.10% unch	October 28	
December 7		July 14–15	0.10% unch	December 9	
		August 9–10			
 <b>FEDERAL RESERVE</b>		September 6–7		 <b>SWISS NATIONAL BANK</b>	
January 26–27	0%-0.25% unch	October 4–5		March 11	0%-0.75% unch
March 16	0%-0.25% unch	October 28		June 17	0%-0.75% unch
April 27–28	0%-0.25% unch	November 15–16		September 16	
June 22–23	0%-0.25% unch	December 20–21		December 16	
August 10					
September 21		 <b>EUROPEAN CENTRAL BANK</b>		 <b>RIKSBANK (SWEDEN)</b>	
November 2–3		January 14	1.00% unch	February 11	0.25% unch
December 14		February 4	1.00% unch	April 20	0.25% unch
		March 4	1.00% unch	July 1	0.50% +25 bps
 <b>BANK OF ENGLAND</b>		April 8	1.00% unch	September 2	
January 6–7	0.50% unch	May 6	1.00% unch	October 26	
February 3–4	0.50% unch	June 10	1.00% unch	December 15	
March 3–4	0.50% unch	July 8	1.00% unch		
April 7–8	0.50% unch	August 5		 <b>NORGES BANK (NORWAY)</b>	
May 7 & 10	0.50% unch	September 2		February 3	1.75% unch
June 9–10	0.50% unch	October 7		March 24	1.75% unch
July 7–8	0.50% unch	November 4		May 5	2.00% +25 bps
August 4–5		December 2		June 23	2.00% unch
September 8–9				August 11	
October 6–7		 <b>RESERVE BANK OF AUSTRALIA</b>		September 22	
November 3–4		February 2	3.75% unch	October 27	
December 8–9		March 2	4.00% +25 bps	December 15	
		April 6	4.25% +25 bps		
		May 4	4.50% +25 bps		
		June 1	4.50% unch		
		July 6	4.50% unch		
		August 3			
		September 7			
		October 5			
		November 2			
		December 7			



## INFLATION WATCH

	Period	Inflation Rate (percent)	Current Policy Rate (percent)		Period	Inflation Rate (percent)	Current Policy Rate (percent)		
<b>North America and Europe</b>				<b>Asia</b>					
	Australia	Jun-2010	3.1	4.50		Hong Kong	Jun-2010	2.8	0.50
	Canada	Jun-2010	1.0	0.75		Indonesia	Jun-2010	5.0	6.50
	Eurozone	Jul-2010	1.7	1.00		South Korea	Jun-2010	2.6	2.25
	Japan	Jun-2010	-0.7	0.10		Malaysia	Jun-2010	1.7	2.75
	New Zealand	Jun-2010	1.8	3.00		Pakistan	Jun-2010	12.7	12.50
	Norway	Jun-2010	1.9	2.00		Philippines	Jun-2010	3.9	4.00
	Sweden	Jun-2010	0.9	0.50		Singapore	Jun-2010	2.7	0.19
	Switzerland	Jun-2010	0.5	0 - 0.75		Taiwan	Jun-2010	1.2	1.38
	United Kingdom	Jun-2010	3.2	0.50		Thailand	Jun-2010	3.3	1.50
	United States	Jun-2010	1.1	0.13		Vietnam	Jul-2010	9.1	6.00
<b>BRICs</b>				<b>Middle East and Africa</b>					
	Brazil	Jun-2010	4.8	10.75		Saudi Arabia	Jun-2010	5.5	2.00
	Russia	Jun-2010	5.8	7.75		Turkey	Jun-2010	8.4	2.50
	India	Jun-2010	10.6	5.75		South Africa	Jun-2010	4.0	6.50
	China	Jun-2010	2.7	5.31					
<b>Emerging Europe</b>				<b>Latin America</b>					
	Czech Republic	Jun-2010	1.2	1.75		Chile	Jun-2010	1.2	1.50
	Hungary	Jun-2010	5.2	5.25		Colombia	Jun-2010	2.3	3.00
	Poland	Jun-2010	2.3	3.50		Mexico	Jun-2010	3.7	4.50
	Peru	Jun-2010	1.6	2.00					
<b>Developed Countries</b>			(last month)		<b>Developing Countries</b>			(last month)	
Average Inflation Rate			1.7	1.9	Average Inflation Rate			4.7	4.9
Median Inflation Rate			1.7	2.1	Median Inflation Rate			3.9	4.3